

~~CONFIDENTIAL~~**MEMORANDUM FOR THE RECORD****Subject: Proposed Legislation for C.I.O.**

Sometime shortly after 1600 hours on 22 January 1947, a copy of the proposed National Defense Act of 1947 was delivered to the Director of Central Intelligence for comment on those sections applicable to him. Immediate review of the intelligence sections indicated that they had been lifted virtually verbatim from S-2044, the Mergers Bill introduced into the 79th Congress by Senator Thomas. These provisions are considered unsatisfactory to C.I.O. in many respects. The salient features of disagreement are included in the Memorandum from the undersigned to the Director of Central Intelligence, dated 23 January 1947, subject: Proposed Bill for National Defense Act of 1947.

A conference with the Director established the policy that an attempt should not be made to remove from the Defense Act all but a bare mention of the Central Intelligence Agency, and introduce a separate CIO Bill. The Director also indicated his desire to have included a provision that he would serve as the advisor to the Council on National Defense on matters pertaining to intelligence, and that in this capacity he would attend all meetings of the Council. It was agreed that the Director should take no part in the decisions of the Council as this was a policy making body, and it had long been agreed that Central Intelligence should not be involved in policy making.

At 1000 hours, 23 January 1947, a conference was held in the office of Mr. Charles S. Murphy, Administrative Assistant to the President, at which General Vandenberg, Vice Admiral Forrest Sherman, Major General Lauris Norstad, the undersigned, and Mr. Houston were present. Mr. Murphy stated that the subject was new to him, as he had first entered the picture on 20 January 1947 and was charged with the over-all drafting of the White House version of the National Defense Act. He stated that he did not know that a proposed CIO enabling Act had been submitted to Mr. Clifford's office. He suggested (concurred in by all present) that the draft of the proposed CIO enabling act be substituted for the intelligence sections of the proposed National Defense Act as an initial working basis.

In connection with paragraph 1 (a) of the memorandum for the Director from the undersigned, dated 23 January 1947, it was pointed out that no mention of a CIA had been made in the title of the proposed bill. This was due to the fact that a considerable number of boards and councils were created by this bill and none of them were being named in the title. Therefore, it would not seem appropriate to mention CIA in the title. In this General Vandenberg concurred.

- 1 -

~~CONFIDENTIAL~~

CONFIDENTIAL

In connection with paragraph 1 (b) of reference memorandum, it was agreed to make some mention of centralized intelligence in the definition of policy in the proposed bill. This suggestion had strong support from Admiral Sherman, although it was initially thought by the others present that it might prove ambiguous.

In connection with paragraph 1 (c) of reference memorandum, it was felt that this suggestion was non-controversial and that the appropriate definitions would be acceptable.

In connection with paragraph 1 (d) of reference memorandum, General Vandenberg stated that he was strongly opposed to the Central Intelligence Agency or its director participating in policy decisions on any matter. However, he felt that he should be present at meetings of the Council. To this General Horstad voiced serious exceptions, as he felt that the Council was already too big. He thought that the Director should not even be present as an observer, as this had proven to be cumbersome and undesirable at meetings of the Joint Chiefs of Staff. Admiral Sherman suggested, however, that the Director should normally be present at meetings of the Council, in its discretion. General Vandenberg concurred in this, as did General Horstad, and it was accepted with the additional proviso that the Joint Chiefs of Staff would also attend meetings at the discretion of the Council.

General Vandenberg indicated the difficulties which he had had in having to go to the S.I.A. on so many problems. He felt that the difficulties of his position would be multiplied, as he would have to get policy guidance and direction from the Council on National Defense, which consists of many more members than the S.I.A.. He was assured that the intent of the act was that the CIA would operate independently and that under the Council only on such specific measures as the Council may, from time to time desire to direct. It would not be necessary for the agency to seek continual approval from the Council. With this interpretation, General Vandenberg withdrew the opposition voiced in the last sentence of paragraph 1 (e) of reference memorandum.

The Director pointed out the difficulties of operation of clandestine methods in the absence of detailed legislation, empowering him to operate on unvouchered funds, select certain types of personnel, and discharge employees for any question of possible disloyalty. It was agreed that these provisions would be included in the proposed draft from CIG. It was requested further that this draft be submitted by the evening of 23 January 1947, in order to meet necessary deadlines.

It was the final sense of the meeting that the Director of Central Intelligence should report to the Council on National Defense. As General Vandenberg indicated that it would be necessary to report somewhere, that neither the President nor he was anxious to have another agency "free-wheeling" around the government. However, it was thought that the agency should have sufficient power to perform its own functions without it being necessary to have specific approval from the Council on each action.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

The proposed draft of the National Defense Act of 1947 was modified by the undersigned, with the assistance of Mr. Houston, to include the changes discussed at the meeting, and to incorporate the necessary provisions of the proposed CIG enabling act. Copies of the revised act were personally handed to Admiral Sherman and General Hewlett by SA. Potaford shortly after 1700, 23 January 1947. A copy was also handed to Mr. Murphy by the undersigned at 1715. A copy of HIA Directive #1 was shown to Mr. Murphy. It was not left with him, due to the absence of any security in his office. Mr. Murphy suggested the addition of a paragraph providing for the dissolution of HIA and CIG, and the transfer of its personnel, property, and records to the Agency. This was concurred in on 24 January 1947 by the undersigned, after one or two minor changes.

On 25 January, the undersigned talked with Mr. Murphy, and was informed that all but the barest mention of CIA would be omitted, as the drafting committee thought that the material submitted by CIG was too controversial and might hinder the passage of the merger legislation.

It had been felt by the drafting committee that the substantive portions of the proposed CIG draft were too controversial and subject to attack by other Agencies. It was further felt that the General Authorities were rather controversial from a Congressional point of view, but that CIG might justify them in their own bill if they had the time to present them adequately. It was further felt that if detailed intelligence legislation was included in the merger bill, CIG might not have time to present their picture to the Congress in detail in the course of the hearings.

The undersigned asked Mr. Murphy whether the elimination of CIA from merger legislation constituted permission to submit our own enabling act as a companion measure. He stated that he could not comment on this, as he was authorized (with his drafting committee) only to draft the merger bill, and could not approve or pass on other matters. Authority to draft and introduce a CIA Enabling Act would have to come from other sources.

The above information was transmitted to the Deputy Director (Colonel Wright), who notified General Vandenberg of the developments.

Colonel Wright spoke with Admiral Leahy, to request information as to whether Murphy's position granted us a green light on our own legislation. The Admiral was inclined to agree. He felt that we should delete from the draft the phrase "Subject to existing law" (Sec. 302 (b)), as it would only serve to complicate things. He further felt that we should then let the draft go through.

It was determined to request that the position of Deputy Director be included in the draft, the phrase mentioned in the preceding paragraph be deleted, and an attempt made to include a clause which would designate the Director as the Intelligence Advisor to the Council.

CONFIDENTIAL

Proposed International Development & Humanitarian Assistance Act of 1947 -
 Approved by the President.

CONFIDENTIAL

On 27 January 1947, the undersigned drafted a letter, for the Deputy Director's signature, to Mr. Charles Murphy. This letter set forth the views of the Central Intelligence Group on the draft of the proposed section on central intelligence, submitted by the White House on 25 January 1947. After studying the memorandum of 27 January 1947, Mr. Murphy called the undersigned and requested a concurrence on eliminating paragraph 302 (b) of his draft of 25 January 1947, on the ground that in view of our objections (as expressed in paragraph 2 of our memorandum of 27 January 1947), nothing would be lost by the total elimination of this paragraph. After consultation with Colonel Wright, this concurrence was given by the undersigned. Concurrence was also given to the lowering of the proposed salary for the Deputy Director, as set forth in paragraph 1 of our memorandum of 27 January 1947, from \$14,000 per annum to \$12,000 per annum, as the \$14,000 figure was greatly in excess of the figure received by the Assistant Secretaries of the various departments. In addition, Mr. Murphy agreed to urge strongly a point raised by paragraph 3 of our memorandum of 27 January 1947 designating the Director of Central Intelligence as the Intelligence Advisor of the Council of National Defense (to be renamed the National Security Council) and allowing the Director to sit as a non-voting member thereof.

On 28 January 1947, Mr. Murphy requested the undersigned to come to his office, and there handed him the third draft (dated 27 January 1947) of the proposed National Security Act of 1947. Mr. Murphy indicated that most of our requests had not been complied with, and that the Army and Navy had seen fit to overrule his recommendations in that connection. The salary of the Director was lowered from \$15,000 to \$14,000 on the basis that, in all probability, the incumbent would be a military or naval officer whose salary should not be greatly in excess of that of the Chief of Staff of the Army or Chief of Naval Operations; that the figure had been set on the basis of the same salary being paid to the Director of Military Applications of the Atomic Energy Commission; that the Army-Navy conferees did not want the salary merely a "joke price" for some officer for whom a berth was being sought.

The paragraph establishing the position of Deputy Director, which Mr. Murphy had urged, was eliminated as being too controversial, as was the paragraph regarding the position of the Director as the Intelligence Advisor of the Council. The Army-Navy conferees felt that the position of the Director as the Intelligence Advisor was inherent in the position itself, and that it would not be proper to provide by law that the head of an agency under the Council should sit on the Council.

Mr. Murphy stated that his role was simply that of a consultant on drafting in the Army and Navy. He further stated that the Drafting Committee would present their final version to Mr. Clark M. Clifford, Special Counsel to the President, at a meeting on the afternoon of 29 January 1947. He further stated that any comments which we might care to make to the White

CONFIDENTIAL

CONFIDENTIAL

House on the proposed draft would be acceptable to him, and that his feelings would not be hurt.

After examination of the proposed Third Draft by Colonel Wright and the undersigned, it was determined that same was not satisfactory to C.I.G.. Therefore, a memorandum was dispatched (under date of 28 January 1947) to Mr. Clifford, setting forth C.I.G.'s comments on the proposed draft.

WALTER L. PFORZHKIMER
Chief, Legislative Liaison Division

CONFIDENTIAL